

Message Text

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C O N F I D E N T I A L STATE 133115

FOLLOWING REPEAT USUN 1804 ACTION SECSTATE 08 JUN 77

QUOTE

C O N F I D E N T I A L USUN 1804

DEPT PASS ALL DIPLOMATIC POSTS

FROM US DEL LOS

E.O. 11652: GDS
TAGS: PLOS
SUBJ: LOS CONFERENCE -- CLASSIFIED SUPPLEMENT TO WEEKLY
REPORT - WEEK OF MAY 31 - JUNE 3, 1977

1) SUMMARY: AFTER SIX DAYS OF SUBSTANTIVE DISCUS-
SIONS, INCLUDING TWO NIGHT SESSIONS, BY A "WORKING
GROUP OF THE WHOLE" CHAIRED BY MINISTER
EVENSEN OF NORWAY, THE SITUATION WITHIN COMMITTEE I IS
QUITE FLUID. REASONED AND CONSTRUCTIVE DISCUSSIONS
PREVAILED ALTHOUGH RADICAL OPPOSITION TO EVENSEN'S
TEXT HAS BEEN FORCEFULLY EXPRESSED BY ALGERIA
AND TANZANIA. EVENSEN PRODUCED A REVISED DRAFT
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TEXT OF ARTICLES 9, 22 AND 23 OF PARAGRAPH 8 OF
ANNEX I DURING THE WEEKEND OF JUNE 4-5. THIS TEXT,
WHICH SHOULD REFLECT BOTH THE WORKING GROUP DEBATES
AND WIDE-RANGING PRIVATE CONSULTATIONS CONDUCTED
BY EVENSEN, WILL BE DISTRIBUTED IN THE WORKING GROUP
ON MONDAY, JUNE 6. AFTER TWO DAYS OF DISCUSSION OF
THE NEW TEXT, EVENSEN WILL AGAIN MODIFY HIS TEXT AND
REPORT TO THE CHAIRMAN OF COMMITTEE I, PAUL ENGO, NOT
LATER THAN FRIDAY, JUNE 11. US DEL CONTINUED INTEN-
SIVE CONSULTATIONS ON COMMITTEE II AND III ISSUES, PARTI-

CULARLY THE STATUS OF THE ECONOMIC ZONE AND SCIENTIFIC RESEARCH, BUT IT IS STILL TOO EARLY TO EVALUATE RESULTS. IT IS NOT YET CLEAR WHAT PROCEDURES WILL BE USED BY PRESIDENT AMERASINGHE TO PROVIDE POLITICAL BASE FOR PREPARATION OF A CONSOLIDATED TEXT, I.E., INDIVIDUAL BILATERAL CONVERSATIONS WITH STATES AND GROUPS OR MEETINGS OF A REPRESENTATIVE GROUP OF CONFERENCE LEADERS. END SUMMARY.

2) COMMITTEE I:

A. SOME KNOWLEDGE COMMITTEE I PARTICIPANTS BELIEVE THAT EVENSEN'S NEW TEXT COULD PRECIPITATE QUOTE REAL NEGOTIATIONS UNQUOTE IF THE MODERATES WITHIN THE GROUP OF 77 (G-77) CAN BREAK THE SPELL CAST ON THE G-77 BY A FEW, HIGHLY PERSUASIVE RADICALS.

B. A NUMBER OF OBSTACLES, REAL OR POTENTIAL, NEVERTHELESS, MUST BE OVERCOME, IN ADDITION TO RADICAL INTRANSIGENCE, BEFORE EVENSEN CAN BRING ABOUT A REAL NEGOTIATION FOR COMPROMISE ON THE SYSTEM OF EXPLOITATION FOR THE SEABEDS. PAUL ENGO, CHAIRMAN OF COMMITTEE I, IS IMPATIENT WITH EVENSEN'S ROLE AND IS PROMOTING EXAMINATION OF OPTIONS FOR A UNITARY SYSTEM OF JOINING VENTURES. IT IS UNCERTAIN WHAT ENGO WILL DO WITH EVENSEN'S TEXT UNLESS IT COMMANDS A WIDE-BASE OF SUPPORT BY THE WEEK'S END. LAND-BASED MINERAL PRODUCERS (E.G., CANADA, CUBA, PERU) REMAIN COMMITTED TO THE OBJECTIVE OF LIMITING SEA-CONFIDENTIAL

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BASED PRODUCTION TO ONE HALF OF THE CUMULATIVE GROWTH SEGMENT OF THE WORLD NICKEL MARKET, AN UNACCEPTABLE OUTCOME FOR THE U.S. AND THE U.K. THE USSR IS PUBLICLY PROMOTING QUOTA PROPOSALS WHICH WOULD SERIOUSLY LIMIT SEABED PRODUCTION BY ANY SINGLE NATION. THE USSR IS GENERALLY SEEKING TO CURRY FAVOR WITH THE G-77 BY MODERATING THE USSR POSITION ON A NUMBER OF OUTSTANDING COMMITTEE I ISSUES, IN A FASHION WHICH MAY UNDERMINE THE OVERALL BARGAINING POSITION OF DEVELOPED NATIONS.

C. THE FOLLOWING ARE SOME HIGHLIGHTS OF THE PROCEEDINGS OF THE WORKING GROUP DURING THE WEEK OF MAY 31-JUNE 3:

(1) ART. 9 - RESOURCE POLICY. THE SECRETARIAT PREPARED PROJECTIONS OF THE NUMBER OF SEABED MINE SITES WHICH COULD BE PERMITTED BETWEEN 1985 AND 2000 UNDER VARIOUS OF THE PRODUCTION CONTROL SCHEMES DISCUSSED. THE SECRETARIAT'S NUMBERS, TOGETHER WITH STATEMENTS BY G-77 REPRESENTATIVES, MADE CLEAR THAT THE G-77 VERSION OF ARTICLE 9, THOUGH UNCLEARLY DRAFTED, HAD BEEN INTENDED TO ALLOW SEABED PRODUCTION UP TO ONE HALF OF THE CUMULATIVE GROWTH SEGMENT OF THE WORLD NICKEL MARKET. THE SECRETARIAT'S PROJECTIONS ALSO MADE CLEAR THAT BOTH THE EVENSEN

AND G-77 FORMULATIONS WOULD CAUSE A SEVERE START-UP PROBLEM, SINCE THE CUMULATIVE GROWTH SEGMENT IN THE FIRST FEW YEARS OF SEABED MINING WOULD NOT ALLOW PRODUCTION FROM ONE SITE EACH BY THE FIVE CON-SORTIA (4 U.S., 1 FRENCH) CURRENTLY PLANNING SEABED EXPLOITATION AND BY THE ENTERPRISE ON ONE OR MORE RESERVED SITES. EVENSEN, MADE AWARE OF THIS PROBLEM IN A MEETING WITH THE HEADS OF THE US, UK, FRG, FRENCH AND JAPANESE DELEGATION, MAY REVERT TO THE RSNT SOLU-TION OF BEGINNING THE INTERIM PERIOD FOR PRODUCTION CONTROLS ON 1 JANUARY, 1980, TO ALLOW CUMULATION OF THE GROWTH SEGMENT PRIOR TO THE BEGINNING OF PRO-
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DUCTION. ON THE ISSUE OF WHETHER TO APPORTION THE GROWTH SEGMENT BETWEEN LAND AND SEA-BASED PRODUCTIO THE PARTIES REMAIN DEEPLY DIVIDED, AND EVENSEN IS LIKELY TO MAINTAIN THE THREE QUARTERS SEABED, ONE QUARTER LAND-BASED FORMULA THAT APPEARS IN HIS CURRENT TEXT. (CANADA REPORTS THAT ITS INSTRUCTIONS INSIST ON A 50-50 SPLIT; THE UK STATES THAT IT INSTRUCTIONS, LIKE THOSE OF THE U.S., ALLOW NO FRACTIONING BETWEEN LAND AND SEA).

(2) ARTICLE 22 - EVENSEN'S ARTICLE 22 WHICH PRESERVES A PARALLEL OR DUAL SYSTEM OF EXPLOITATION WHILE ACCORDING THE INTERNATIONAL SEABED AUTHORITY A PREDMOINANT ROLE CONCEPTUALLY, APPEARS TO BE COMMANDING CAUTIOUS SUPPORT FROM G-77 MODERATES AS WELL AS DEVELOPED NATIONS. A NUMBER OF COUNTRIES CON-TINUE TO EXPRESS SUPPORT FOR A UNITARY SYSTEM OF JOINT VENTURES (NIGERIA, AUSTRIA, PORTUGAL) WHILE OTHERS STRONGLY URGE CONTINUED SUPPORT FOR THE UNITARY SYSTEM SET FORTH THE THE G-77'S WORKSHIP PAPER (ALGERIA, TANZANIA).

(3) ANNEX I - CONDITIONS FOR EXPLORATION AND EXPLOITATION. ANNEX I, ARTICLE 8, WAS DISCUSSED IN GENERALLY CONSTRUCTIVE TONES. A PROPOSAL BY MEXICO (CASTANEDA) THAT ACCESS TO NON-RESERVED SITES BE MADE CONDITIONAL, AT THE AUTHORITY'S DISCRETION, UPON THE APPLICANT AGREEING TO EXPLOIT THE CORRESPONDING RESERVED SITE IN A JOINT ARRANGEMENT WITH THE ENTER-PRISE, SPURRED CONSIDERABLE INTEREST, BUT AT WEEK'S END, DID NOT SEEM LIKELY TO COMMAND MUCH SUPPORT. (NOTABLE SUPPORT DID COME FROM INDIA AND SINGAPORE). RADICAL MEMBERS OF THE G-77 THOUGHT THE MEXICAN SCHEME WOULD FOSTER THE FURTHER TAKEOVER OF THE SEABED BY MULTI-NATIONAL CORPORATIONS. ADVANCED DEVELOPING COUNTRIES SUCH AS BRAZIL FEARED THAT DEVELOPING COUNTRY DIRECT ACCESS TO RESERVED SITES NOT EXPLOITED BY THE ENTERPRISE WOULD BE LESSENED.
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DEVELOPING COUNTRY LAND-BASED PRODUCERS SUCH AS CHILE IMPLIED A FEAR THAT THE MEXICAN PROPOSSL WOULD MAKE THE THE ENTERPRISE TOO SUBSTANTIAL A SEABED PRODUCER, OTHERS, SUCH AS CANADA STATED THAT JOINT VENTURES SHOULD BE ENCOURAGED THROUGH INCENTIVES WITHIN THE FRAMEWORK OF A PARALLEL SYSTEM, BUT COULD NOT EFFECTIVELY BE MANDATED.

4) FINANCING OF THE ENTERPRISE. ON FRIDAY AFTERNOON AND EVENING, THE WORKING GROUP BEGAN DISCUSSION OF FINANCING OF THE ENTERPRISE. AMB. RICHARDSON BEGAN THE DISCUSSION WITH A LENGTHY STATEMENT THAT DEALT WITH BOTH THE FINANCING OF THE ENTERPRISE AND FINANCIAL ARRANGEMENTS BETWEEN SEABED MINERS AND THE AUTHORITY (FULL TEXT POUCHED). AMBASSADOR RICHARDSON'S STATEMENT WAS WELL RECEIVED AND APPEARED TO ADD A SENSE OF MOMENTUM TO THE WORKING GROUP'S EFFORTS. A SUMMARY OF THE RICHARDSON FINANCIAL PROPOSAL AND OF ONE PRESENTED BY INDIA APPEAR IN THE LOS SITREP FOR JUNE 3, 1977.

3) COMMITTEE II. WE CONTINUED OUR LOBBYING CAMPAIGN FOR HIGH SEAS STATUS OF THE EEZ. MAIN SUPPORT COMES FROM EUROPEAN (EAST AND WEST) AND LL/GDS. WE UNDERSTAND COASTAL STATES WILL GENERALLY TAKE A DEFENSIVE REACTIVE STANCE IN ATTEMPT, PRESUMABLY, TO KEEP TEXT AS IT IS. HOWEVER, WE HAVE LEARNED THAT COASTAL STATE GROUP HAS CONTINGENCY COUNTER-MOVE IN WINGS THAT WOULD CHARACTERIZE ZONE AS A ZONE OF NATIONAL JURISDICTION. THE GROUP OF 21 (LANDLOCKED AND GEOGRAPHICALLY DISADVANTAGED STATES AND COASTAL STATES REGARDING FORMER'S ACCESS TO LIVING RESOURCES OF EEZ OF NEIGHBORING STATES) MET FOR THE FIRST TIME THIS SESSION. THE CONTINUATION OF THIS GROUP AND THE FACT THAT IT HAS A TEXT BEFORE IT IS AN ENCOURAGING SIGN. MARGINEERS MET AND AGREED TO PURSUE ACCEPTANCE OF IRISH-CANADIAN FORMULA FOR DEFINING CONTINENTAL SHELF BEYOND 200 MILES, COUPLED WITH REVENUE SHARING. AUSTRALIA CONTINUES TO WITHHOLD SUPPORT
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FOR REVENUE SHARING BUT APPEARS PREPARED TO GO ALONG WITH IT IN THE END. ARGENTINA STILL FAVORS, OBLIGATION.

4) COMMITTEE III: ON MARINE SCIENTIFIC RESEARCH, INFORMAL CONSULTATIONS WITH A NUMBER OF DELEGATES INDICATE WILLINGNESS TO CONSIDER CHANGES TO ARTICLE 60 OF PART III AS PART OF "POLITICAL" LEVEL SETTLEMENT WITH U.S. CHAIRMAN YANKOV WILLING TO SCHEDULE MEETINGS TO DISCUSS SCIENTIFIC RESEARCH SO LONG AS HE CHAIRS MEETINGS AND HAS COMPLETE CONTROL OVER OUTCOME. IN SUM, WHILE A NUMBER OF DELEGATIONS RECOGNIZE NECESSITY TO FIND COMPROMISE, YANKOV IS CLEARLY AWAITING SOVIET REACTION TO US AMENDMENTS. IF THAT REACTION IS UNFAVOR-

ABLE, YANKOV WILL BE IN POSITION TO STAGE TWO-SIDED
DEBATE WITH RESULT OF NO CHANGE OR ADVERSE CHANGES
IN RSNT
ON MARINE POLLUTION, NORWAY HAS CONVENED SMALL
PRIVATE CONSULTING GROUP TO DEVELOP AND FEED IDEAS
FOR CHANGE TO VALLARTA (MEXICO) WHO WILL BEGIN INFORMAL
WORKING GROUP SESSIONS THIS WEEK TO CONSIDER CHANGES
TO RSNT. MAJOR FOCUS OF WORK WILL BE EXTENT OF COASTAL
STATE RIGHTS TO ESTABLISH POLLUTION CONTROL REGULATIONS
FOR VESSELS IN TERRITORIAL SEA AND FLAG STATE RIGHT TO
PRE-EMPT PROSECUTIONS BY OTHER STATES FOLLOWING VIOLA-
TION OF INTERNATIONAL POLLUTION CONTROL REGULATIONS.

THERE HAVE BEEN GENERAL COMMENTS THAT INDICATE THAT
THE GROUP OF 77 IS WILLING TO LIVE WITH THE COMMITTEE
III TEXT IN THE RSNT WITHOUT CHANGE ON BOTH POLLUTION
AND SCIENCE. SINCE THIS WAS CHAIRMAN YANKOV'S VIEW
AT LAST SESSION, AMENDMENTS MAY BE VERY DIFFICULT TO
OBTAIN. CONSEQUENTLY, US STRATEGY HAS BEEN TO ENSURE
RECOGNITION THROUGHOUT CONFERENCE OF NECESSITY OF SOME
CHANGES SUCH AS TO BASIC ARTICLE ON CONSENT FOR
SCIENTIFIC RESEARCH AND TO ATTEMPT TO ACHIEVE AGREED
CHANGES TO LESS CONTROVERSIAL ARTICLES THROUGH SMALL
WORKING GROUPS AND INFORMAL CONSULTATIONS. AT PRESENT,
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IT IS STILL TOO EARLY TO ASSESS THE CHANCES OF EITHER
PRONG OF THIS STRATEGY.

5) PART IV - DISPUTE SETTLEMENT: THE CONTACT
GROUP OF 77 ON CDS HAS AGREED TO INCLUDE IN PART IV
ALL DISPUTE SETTLEMENT PROVISION IN PART I; AND HAS
ASKED THE SECRETARIAT TO PREPARE A STUDY WHICH WOULD
SHOW WHICH PROVISIONS OF PART I ARE ALREADY DUPLI-
CATED IN PART IV, AND WHICH PROVISIONS NEED TO BE
ADDED.
YOUNG.
UNQUOTE VANCE.

NOTE BY OC/T: POUCHED BAGHDAD.

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